

NEWS RELEASE

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CONTACT: GLENN BRIERE
(617) 727-6200, EXT. 123

DeNUCCI CITES BEVERLY PROVIDER FOR NONCOMPLIANCE WITH STATE POLICIES

State Auditor Joe DeNucci today issued an audit of Health and Education Services (HES), Inc., a Beverly-based, human services provider serving 25 North Shore and Merrimack Valley communities, that found such problems as improperly disclosed staff bonuses, inadequate controls over property and excessive charges to a state contract.

According to DeNucci's audit, HES, which receives its funding mostly from public sources such as the Department of Mental Health (DMH) and Medicaid, paid out \$135,000 in salary bonuses without disclosing these payments, which are ineligible for reimbursement by the state. Although there was no indication that HES billed the state for these bonuses, the agency failed to disclose what non-state funds were used to defray these costs. Furthermore, these bonuses were not made available to all other employees under an established written policy, which the state requires of all fringe benefits if they are to be charged to the Commonwealth.

"HES should establish formal, written guidelines to ensure that all fringe benefits are fairly provided and should also inform the appropriate state authorities when such payments are non-reimbursable expenses," advised DeNucci.

In addition, DeNucci's audit disclosed that HES lacked adequate controls to ensure that the more than \$86,000 it received in a grant from the Massachusetts Office of Victim Assistance (MOVA) was used to conduct group counseling sessions for relatives and friends of homicide victims. Concerned that HES had not held these required meetings for victims' survivors for many years, MOVA officials asked the State Auditor's Office to look into the matter. Although HES claimed group counseling sessions were conducted in Lynn, DeNucci's review found no adequate documentation to indicate that HES had held any group counseling sessions in compliance with the grant's terms.

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Furthermore, DeNucci's audit revealed that HES improperly calculated rental fees for clients in its DMH-funded Aggressive Treatment and Relapse Prevention Program, a miscue that cost the Commonwealth at least \$6,035 in overcharges. This program helps persons diagnosed with the dual disabilities of mental illness and substance abuse pay their rents, with the clients contributing no more than 30 percent of their total gross income. The provider, however, mistakenly based its subsidies on 30 percent of the clients' rents.

Finally, DeNucci noted that the provider needed to improve inventory controls over its state property, totaling more than \$183,700, to protect the goods from possible theft, loss or misuse.

HES replied that it agrees with Auditor DeNucci's recommendations and is now in the process of correcting these deficiencies and meeting state standards.

"I am encouraged by the positive response of Health and Education Services, Inc., and I am hopeful that the improvements now being implemented will help the agency provide better and more accountable services to its clients," concluded DeNucci.

